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**TENNESSEE REGULATORY AUTHORITY**

**UTILITIES DIVISION**

**CERTIFICATE OF PUBLIC NEED AND NECESSITY (CCN)  
WASTEWATER UTILITY APPLICATION**

**CONTENTS**

- I. Statutory Authority**
- II. General Requirements**
- III. Administrative Requirements**
- IV. Managerial Requirements**
- V. Technical Requirements**
- VI. Financial Requirements**

**TENNESSEE REGULATORY AUTHORITY**

**UTILITIES DIVISION**

**CCN APPLICATION – WASTEWATER UTILITY**

**I. Statutory Authority: \***

Those companies meeting the definition of a “public utility” as defined in Tenn. Code Ann. § 65-4-101 that seek to construct, operate, or otherwise provide wastewater service to the public in Tennessee must first obtain a Certificate of Public Convenience and Necessity (“CCN”) from the Tennessee Regulatory Authority (“TRA” or “Authority”) as required by Tenn. Code Ann. § 65-4-201. Specific requirements related to the CCN approval process pursuant to statute and applicable TRA Rules are discussed below.

\* Wastewater regulations found in TRA Rule Chapter 1220-4-13 became effective June 12, 2006.

**II. General Requirements:**

The following general information should be included with the filed application. Failure to include this information will necessitate a delay in the processing of the application while the Authority staff attempts to obtain this information from the applicant.

- A. An application for issuance of a CCN filed with the office of the Chair of the Authority following the General Filing Procedures found in TRA Rule 1220-1-1-.03 and TRA Rule Chapter 1220-4-13. A filing fee of \$25 must accompany such application.
- B. Pursuant to TCA § 65-4-201 and TRA Rule 1220-4-13-.04(b), a potential public utility must demonstrate to the Authority that a public need exists for the services proposed by the applicant. At a minimum, the applicant should provide the following proof of such need.
  - 1. Copy of letter from the developer of the proposed service area to the applicant requesting that the applicant provide wastewater services to the development.

2. Copy of letter(s) from other wastewater providers in or near the proposed service area stating that they do not provide wastewater service or that they are unable or unwilling to provide wastewater service to the proposed service area within the ensuing twelve (12) months.
- C. Sworn pre-filed written testimony by the applicant and/or any other individual having pertinent knowledge of the proposed wastewater utility operations. This testimony should encompass at a minimum the following:
1. Attest to the public need for wastewater service in the proposed area/development;
  2. Describe the services to be provided;
  3. Attest to the applicant's technical, managerial, and financial capability to provide the proposed service;
  4. Attest that the applicant is aware of and will abide by all applicable Tennessee statutes and TRA Rules governing wastewater utilities (see TRA Rule Chapters 1220-1-1, 1220-4-1 and 1220-4-13);
  5. Affirm that all information submitted is true and correct to the best of the applicant's knowledge and belief; and
  6. Signed affidavit.

### **III. Administrative Requirements:**

The following general administrative information should be included with the filed application. Failure to include this information will necessitate a delay in the processing of the application while the Authority staff attempts to obtain this information from the applicant.

- A. Corporate name and address of the wastewater utility.
- B. Organizational chart showing each officer and any other key personnel by name and title.
- C. List of the owners, members, and officers of the wastewater utility. Provide the address, telephone number, and percentage ownership of each individual.

- D. Principal officers located in Tennessee (if different from corporate personnel).**
- E. Copy of articles of incorporation, partnership agreement, or by-laws of the wastewater utility.**
- F. Copy of license to engage in business within the State of Tennessee registered with the Secretary of State.**
- G. Copy of any franchise agreement issued by a city or county.**
- H. Identify all states where the applicant is certified as a wastewater provider and/or the status of certification in states where an application is pending.**
- I. Relevant mergers, acquisitions, etc. that applicant is currently involved in.**

**IV. Managerial Requirements:**

**The applicant should include the following information relevant to key management staff. Failure to include this information will necessitate a delay in the processing of the application while the Authority staff attempts to obtain this information from the applicant.**

- A. Degrees held by wastewater utility staff: i.e. BS, BA, MBA, etc. in fields of accounting, engineering, business management etc.**
- B. Professional licenses held by wastewater utility staff: i.e. CPA, PE, etc.**
- C. Experience of wastewater utility staff: i.e. management, engineering,, accounting, wastewater operations, etc.**

**V. Technical Requirements:**

**The applicant should include the following information relevant to the proposed wastewater utility. Failure to include this information will necessitate a delay in the processing of the application while the Authority staff attempts to obtain this information from the applicant.**

- A. Status of operating permit application filed with the Tennessee Department of Environment and Conservation (“TDEC”). If an operating permit has been issued, provide the permit number.**

- B. Information related to construction plans and specifications filed with TDEC.**
- C. A projected five (5) year build-out schedule for the proposed development to be served. For each year, provide an estimated number of customers by customer class anticipated to be served by the wastewater system. Include the applicant's basis and assumptions used for this projection.**
- D. Tariff showing proposed rates to be charged for wastewater service. Include all additional fees, such as customer deposits, disconnect or reconnect fees, late fees, tap fees, escrow fees, taxes etc.**

**Note: Following approval of the application, the applicant will be required to file a complete tariff in accordance with TRA Rule 1220-4-13-.04.**

- E. Copy of the license of the wastewater system operator of record.**
- F. A complete description of the geographical territory to be served, including number of acres, name and location of development (subdivision). In addition, provide a clear legible map of the area with the proposed service territory clearly and accurately plotted (outlined), showing names of surrounding streets or highways.**
- G. A description of the type of proposed wastewater system to be constructed and an estimate of its maximum capacity.**
- H. Estimated dates for the commencement and completion of the construction of the system and estimated date the wastewater system will be placed in service.**
- I. Name, address, and telephone number of a Tennessee contact person responsible for and knowledgeable about the applicant's proposed operations.**
- J. State any complaint(s) filed with a regulatory agency. Identify the nature of the complaint, which agency or office received the complaint, and how the complaint was resolved.**

## **VI. Financial Requirements:**

**The applicant should include the following financial information relevant to the applicant and the proposed wastewater utility. Failure to include this**

information will necessitate a delay in the processing of the application while the Authority staff attempts to obtain this information from the applicant.

- A. The total estimated cost of the wastewater system to be constructed to service the proposed service area/development. Provide information regarding whether the developer or the applicant will pay for the construction of the system.**
- B. Provide information regarding whether the developer or the applicant will own the system once construction is complete. If the developer pays the cost of construction and turns the system over to the applicant, what is the estimated amount of Contributed Capital that will be recorded on the wastewater utility's books?**
- C. Chart of accounts for the wastewater utility, following the NARUC Uniform System of Accounts (USOA) for wastewater utilities.**
- D. A list of all plant-in-service account numbers with account names and estimated account balances as of the start of operations.**
- E. Provide the depreciation rates the applicant intends to use for each type of capital equipment (i.e. plant account) that will be on the wastewater utility's books, including the estimated useful life of each. If no depreciation study has been performed, explain the basis for these rates.**
- F. Provide details of any funding sources available to the applicant. In addition, provide financial statements for the applicant covering the most recent year end. Include a Balance Sheet, Income Statement and Statement of Cash Flows.**
- G. Provide pro forma income statements for the wastewater utility for the first two (2) years of operations. Utility revenues should be projected using the customer numbers stated in Item V. (C) and the rates provided in Item V. (D) above. Show operation and maintenance expenses by account number and provide the basis and/or assumptions used to arrive at these amounts.**
- H. Provide the required financial security pursuant to TRA Rule 1220-4-13-.07.**